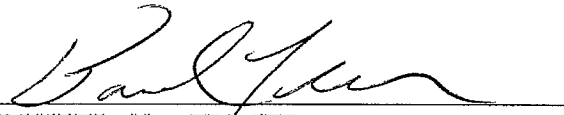


Approved: 
DANIEL M. TRACER
Assistant U.S. Attorney

Before: THE HONORABLE KATHARINE H. PARKER
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA : SEALED COMPLAINT
- v. - : Violations of
EZRA CHOWAIKI, : 18 U.S.C. §§ 1349,
 : 1343, 2314, and 2
Defendant. : COUNTY OF OFFENSE:
 : NEW YORK

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SOUTHERN DISTRICT OF NEW YORK, ss.:

CHRISTOPHER MCKEOGH, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation and charges as follows:

COUNT ONE
(Wire Fraud Conspiracy)

1. From at least in or about 2015, through at least in or about November 2017, in the Southern District of New York and elsewhere, EZRA CHOWAIKI, the defendant, and others known and unknown, willfully and knowingly, did combine, conspire, confederate, and agree together and with each other to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

2. It was a part and an object of the conspiracy that EZRA CHOWAIKI, the defendant, and others known and unknown, having devised a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, would and did transmit and cause to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

(Title 18, United States Code, Section 1349.)

COUNT TWO
(Wire Fraud)

3. From at least in or about 2015 through at least in or about November 2017, in the Southern District of New York and elsewhere, EZRA CHOWAIKI, the defendant, having devised a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, did transmit and caused to be transmitted by means of wire, radio, and television communication in interstate commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, CHOWAIKI, through the use of e-mail messages, telephone calls, and electronic fund transfers, defrauded purchasers and sellers of fine art by deceiving them into sending funds or artwork to his gallery in New York, New York under the false pretenses that CHOWAIKI would either use the funds to purchase works of art, or that he would sell the artworks that had been provided to him when, in truth and in fact, CHOWAIKI never made such purchases and sales.

(Title 18, United States Code, Sections 1343 and 2.)

COUNT THREE
(Transportation of Stolen Property)

4. From at least in or about 2015 through at least in or about November 2017, in the Southern District of New York and elsewhere, EZRA CHOWAIKI, the defendant, did knowingly transport, transmit, and transfer in interstate and foreign commerce goods, wares, merchandise, securities and money, of the value of \$5,000 or more, knowing the same to have been stolen, converted, and taken by fraud, to wit, CHOWAIKI, caused artwork to be transported out of the state of New York knowing that such artwork had been stolen, converted, and taken by fraud by CHOWAIKI and his art gallery from other art dealers and collectors.

(Title 18, United States Code, Section 2314 and 2.)

The bases for my knowledge and for the foregoing charges are, in part, as follows:

5. I am a Special Agent with the Federal Bureau of Investigation ("FBI"), assigned to the FBI's major theft squad in New York. I have been a Special Agent with the FBI for approximately fourteen years, and have spent the last three and a half years investigating criminal activity related to artwork and antiquities, including theft, fraud, money laundering, and other crimes involving highly regarded works of art such as paintings, sculptures, and antiquities. In the course of these investigations I have become familiar with the ways in which artwork is commercially bought, sold, consigned, and shipped in the United States and abroad as well as common schemes through which individuals and entities engage in theft and fraud in connection with such transactions. During these investigations, I have spoken with art dealers, gallery employees, brokers, and others who are knowledgeable about commercial transactions involving artwork, interviewed victims of art-related theft and fraud, analyzed bank statements and other financial records, and participated in the recovery of stolen and fraudulent works of art.

6. The information contained in this Complaint is based upon my personal knowledge, as well as information obtained during this investigation, directly or indirectly, from other sources, including conversations with, and reports prepared by, other law enforcement officers. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include all the facts that I have learned during the course of my investigation. Where the contents of documents and the actions and statements of, and conversations with, others are reported herein, they are reported in sum and substance and in part, unless otherwise indicated.

THE DEFENDANT

7. At all times relevant to this Complaint, EZRA CHOWAIKI, the defendant, was the president and the minority owner of a private art gallery located on Park Avenue in New York, New York (the "Gallery"). CHOWAIKI founded the Gallery in or about 2004, and since that time, CHOWAIKI has used the Gallery to facilitate the purchase, sale, and consignment of works of fine art as well as for the hosting of various art exhibitions featuring works of art and sculptures by well-known artists such as Pablo Picasso, Alexander Calder, Marc Chagall, and others. CHOWAIKI lost control of Gallery in or about November 2017 when the Gallery filed for bankruptcy and was

taken over by a trustee to oversee its liquidation (the "Bankruptcy").

THE SCHEME

8. During the course of my investigation, I have learned that EZRA CHOWAIKI, the defendant, engaged in a scheme to deceive other dealers and collectors of fine artwork into sending him money or valuable artwork under the false pretenses that CHOWAIKI would engage in a legitimate transaction such as the purchase, sale, or consignment of artwork. In truth, however, CHOWAIKI did not, and often could not, conduct the transactions as promised, and instead kept funds and artwork for himself and the Gallery, or sold them to others both in and outside the United States without authorization.

9. As part of this investigation, other law enforcement officers and I have interviewed numerous individuals who dealt with EZRA CHOWAIKI, the defendant, as well as reviewed the sworn statements and claims of such individuals made in the course of the Bankruptcy and other civil litigation. In addition, I have reviewed numerous documents including, but not limited to, email communications, shipping records, and financial records, such as invoices and records of wire transfers, that were created in the course of these dealings. From these interviews and these records, I have learned about the following fraudulent transactions, among others.

Victim-1

10. Victim-1 is a company in the Cayman Islands managed by an art dealer who conducts business in Tokyo, Japan, specializing in modern art. On or about June 5, 2017, EZRA CHOWAIKI, the defendant, informed Victim-1 that Victim-1 could, along with CHOWAIKI, buy a 50 percent interest in a sculpture ("Sculpture-1") for \$900,000, and that CHOWAIKI had a buyer lined up to purchase Sculpture-1 for \$2.15 million immediately following the purchase of Sculpture-1 by CHOWAIKI and Victim-1. Accordingly, CHOWAIKI represented that Victim-1 would be paid \$1.075 million from the sale of Sculpture-1. Victim-1 agreed to the deal and, on or about June 13, 2017, Victim-1 wired \$900,000 to an individual in London, United Kingdom ("Individual-1") at CHOWAIKI's direction and pursuant to an invoice issued to Victim-1 that was created at CHOWAIKI's instruction. Individual-1 previously worked with CHOWAIKI and the Gallery.

11. After Victim-1 sent the funds to Individual-1 in London, on or about July 21, 2017, EZRA CHOWAIKI, the defendant, advised Victim-1 that CHOWAIKI did not have an ownership interest in Sculpture-1 and therefore could not sell it to the buyer. Victim-1 subsequently learned that Sculpture-1 was, in fact, owned by someone other than CHOWAIKI, and that it was on auction at an auction house in London. Nevertheless, CHOWAIKI returned only \$200,000 to Victim-1 and did not return any additional money.

Victim-2

12. Victim-2 is a company that engages in the dealership of art and collectibles. On or about September 28, 2017, EZRA CHOWAIKI, the defendant, informed Victim-2 that Victim-2 could, along with CHOWAIKI, buy a 50 percent interest in a painting ("Painting-2") for \$312,500, and then sell it for a profit that would be split between CHOWAIKI and Victim-2. Victim-2 agreed to the deal, and on or about September 28, 2017, Victim-2 wired \$312,500 to CHOWAIKI pursuant to an invoice issued by the Gallery.

13. After Victim-2 sent the funds to the Gallery, EZRA CHOWAIKI, the defendant, informed Victim-2 in or about October 2017 that the Gallery had never acquired Painting-2 and therefore could not sell it. Nevertheless, CHOWAIKI has not returned any money to Victim-2.

Victim-3

14. Victim-3 is an individual art collector in New York, New York. In or about August 2015, Victim-3 agreed with EZRA CHOWAIKI, the defendant, to sell an expensive work of art to the Gallery in exchange for, among other things, title to a painting ("Painting-3"). Rather than take delivery of Painting-3, Victim-3 consigned Painting-3 to the Gallery to sell.

15. While Painting-3 was on consignment to the Gallery, EZRA CHOWAIKI, the defendant, never provided any funds to Victim-3, nor did he return Painting-3. Accordingly, beginning in or about June 2017, Victim-3 cancelled the consignment and demanded the return of Painting-3 from CHOWAIKI. Nevertheless, CHOWAIKI has not returned Painting-3 or any funds to Victim-3, and advised Victim-3 that Painting-3 was in the possession of

another individual ("Individual-2"). Individual-2, an associate of CHOWAIKI who also operates an art gallery, claims to have purchased Painting-3 from CHOWAIKI in or about December 2016 for \$500,000 and has not returned it to Victim-3.¹

Victim-4

16. Victim-4 consists of a pair of entities engaged in art dealership ("Victim-4A" and "Victim-4B"). On or about September 18, 2017, EZRA CHOWAIKI, the defendant, informed Victim-4A and Victim-4B that they could each purchase a 50 percent interest in a painting ("Painting-4") for \$375,000 each. The agreement between Victim-4 and CHOWAIKI further provided that the Gallery agreed to buy Painting-4 for \$825,000 from Victim-4 within 45 days and that if the Gallery defaulted, Victim-4 would own Painting-4. During the negotiations for this deal, CHOWAIKI informed the manager of Victim-4A by email that the deal was "stronger than most deals we do because this is one which I have the deal closed on the other side" and that this "would be a consignment with a guaranteed profit from me." Victim-4A and Victim-4B agreed to the deal, and on or about September 18, 2017, Victim-4A and Victim-4B each wired \$375,000 to CHOWAIKI pursuant to an invoice issued by the Gallery.

17. After Victim-4A and Victim-4B sent the funds to Gallery, they repeatedly asked EZRA CHOWAIKI, the defendant, for payment or title to Painting-4, but were never provided with either by CHOWAIKI. Instead, the manager of Victim-4A was informed by the owner of another art gallery in London (the "London Gallery") that the London Gallery had purchased Painting-4 from CHOWAIKI in or about September 2017, and that the London Gallery had resold Painting-4 to a collector.

Victim-5

18. Victim-5 is an individual art collector in Pennsylvania. On or about March 30, 2015, Victim-5 agreed with EZRA CHOWAIKI, the defendant, to purchase a painting ("Painting-5") from the Gallery for \$1.2 million. In accordance with the agreement, Victim-5 wired \$1.2 million to the Gallery. Victim-5

¹ On or about December 13, 2004, Individual-2 was convicted in the United States District Court for the Southern District of New York of conspiracy to commit mail and wire fraud and mail fraud in connection with the sale of fraudulent artwork.

further agreed with CHOWAIKI to consign Painting-5 to the Gallery for resale.

19. While Painting-5 was on consignment to the Gallery, EZRA CHOWAIKI, the defendant, never provided any funds to Victim-5, nor did he return Painting-5. Instead, Victim-5 learned that the London Gallery had purchased Painting-5 from CHOWAIKI in or about September 2017, and that the London Gallery had resold Painting-5 to a collector. In fact, on or about October 26, 2017 CHOWAIKI sent an email to recipients in the Southern District of New York and London authorizing the shipment of Painting-5 to London. According to shipping records, Painting-5 was sent to London on or about November 8, 2017.

Victim-6

20. Victim-6 is an individual art collector in Toronto, Ontario. On or about February 21, 2017, Victim-6 consigned four works of art that Victim-6 owned to EZRA CHOWAIKI, the defendant, including a painting ("Painting-6"). Under the consignment agreement between Victim-6 and CHOWAIKI, Painting-6 was valued at \$225,000, and CHOWAIKI was required to return Painting-6 no later than December 31, 2017.

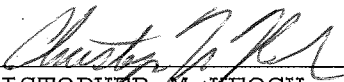
21. On or about June 21, 2017, Victim-6 contacted EZRA CHOWAIKI, the defendant, to cancel the consignment. Nevertheless, CHOWAIKI has not returned Painting-6. Instead, Victim-6 was informed by an attorney for one of the Gallery's principles that Painting-6 had been transferred by CHOWAIKI to another gallery in New York, New York.

THE BANKRUPTCY

22. As set forth above, in or about November 2013, the Gallery filed for bankruptcy and EZRA CHOWAIKI, the defendant, was removed from his management role. As part of my investigation, I have reviewed records related to the Bankruptcy including publicly available court documents as well as records obtained from the trustee. From my review of those documents, I have learned that at the time of the Bankruptcy, the Gallery purported to have only approximately \$276,681 in assets whereas the Gallery owed at least approximately \$11.8 million in claims to dozens of art dealers and others including claims for money

owed to Victim-1, Victim-2, Victim-3, Victim-4, Victim-5, and Victim-6.

WHEREFORE, deponent prays that an arrest warrant be issued for EZRA CHOWAIKI, the defendant, and that he be arrested and imprisoned, or bailed, as the case may be.


CHRISTOPHER McKEOGH
Special Agent
Federal Bureau of Investigation

Sworn to before me this
__th day of December, 2017.

S/Katharine H. Parker
THE HONORABLE KATHARINE H. PARKER.
United States Magistrate Judge
Southern District of New York